

CHANGE REQUEST for FY 08-09 BUDGET REQUEST CYCLE

Department:	Natural Resources/Division of Reclamation, Mining and Safety
Priority Number:	15 of 18
Change Request Title:	Inactive Mine Reclamation Program Expansion – Informational Change

SELECT ONE (click on box):

- ☒ Decision Item FY 08-09
- ☐ Base Reduction Item FY 08-09
- ☐ Supplemental Request FY 07-08
- ☐ Budget Request Amendment FY 08-09

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

- ☒ Not a Supplemental or Budget Request Amendment
- ☐ An emergency
- ☐ A technical error which has a substantial effect on the operation of the program
- ☐ New data resulting in substantial changes in funding needs
- ☐ Unforeseen contingency such as a significant workload change

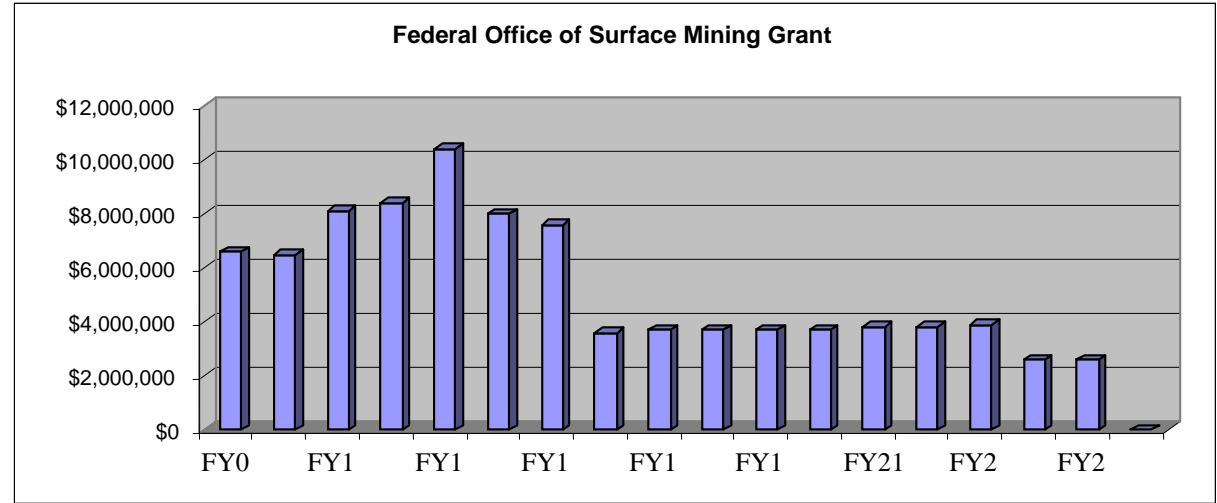
Short Summary of Request:

The purpose of this request is to change the information that's shown in the state Spending Appropriations/Long Bill for the Inactive Mine Reclamation Program (hereafter referred to as "the Program") to show an additional 6.0 FTE and \$408,265 federal funds due to federal grant increases to the program from FY08-09 through FY14-15. No state match is required for acceptance of these federal funds. A Long Bill notation is requested on the new FTE to indicate the funding for those FTE will end at the conclusion of FY2014-15.

Background and Appropriation History:

The Program has annually received \$2.4 million per year, which is funded from reclamation fees paid by active coal mines, to safeguard abandoned mine openings and address other conditions at sites that were mined prior to statutory mining regulations passed in 1977. The "Program Expenses" line in the Long Bill shows all FTE and administrative costs for the Program – non-appropriated federal multi-year project funding is not shown. In December 2006, the U.S. Congress passed and the President signed comprehensive legislation reauthorizing the Abandoned Mine Land (AML) program under Title IV of the Surface Mining Control and Reclamation Act of 1977 (SMCRA). The legislation provides for states to receive federal appropriations that were

retained at the federal level for the last 25 years, which will bring close to an additional \$30 million to Colorado’s Program between 2008 and 2014; the federal funding will end in 2025. The chart below shows the projected funding range through 2025.



The funding is prioritized for use on abandoned sites related to historic coal mining, so projects to address coal mine fires and mine subsidence (foundation problems for residential housing areas built over underground coal mines) will be emphasized.

General Description of Request:

The Program’s plan for the additional federal funding has projected a need for 6.0 additional FTE -- 4 technical project staff, 1 administrative staff to support the realty specialist, grants officer and contracts processor, and 1 GIS/data specialist to assist staff with mobile computing, GIS mapping and data records on each project. Specializations in soil/plant ecology, revegetation/range science, geology, hydrology, geotechnical engineering or natural resources management will be sought for the 4 technical project managers. The Program believes a greater staff cohesion and stability will be achieved by hiring full-time state FTE rather than purchasing contractual services. There is a high probability that the new hires will be well positioned to move into vacancies that will be

created by retirements that will occur within 5-10 years in the Program or in the Coal and Minerals regulatory programs. Applicants for the new positions will be notified of the 7 year duration of the funding for the positions through the job announcement and interview process.

Consequences if Not Funded:

If the FTE and associated costs are not approved, Colorado risks losing a portion of the additional federal funds due to not having sufficient numbers of staff to process projects within time limits of the federal funds. This would result in the loss of an opportunity to address an estimated 65 percent more abandoned mine sites over seven years. Colorado currently has a backlog of known sites that includes nearly 17,000 abandoned mine openings, 33 coal mine fires and 50,000 acres of developed or prospective housing development over underground coal mines at risk of subsidence. The sites continue to pose public health and safety issues, especially as population centers are expanding closer to historic mining areas.

Calculations for Request:

Summary of Request FY 08-09	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Total Request	\$408,265	\$0	\$0	\$0	\$408,265	6.0
(2) (B) Inactive Mines --Program Costs Federal funding increase and 6 new FTE.	\$402,025	\$0	\$0	\$0	\$394,292	6.0
(1) (A) EDO – Admin & IT – Amortization Equalization Disbursement					\$5,265	0.0
(1) (A) EDO – Admin & IT – Supplemental Amortization Equalization Disbursement					\$2,468	0.0
(1) (A) EDO – Admin & IT – Vehicle Lease Payments Add 4 months of funding for leasing 4 new vehicles.	\$6,240	\$0	\$0	\$0	\$6,240	0.0

Summary of Request FY 09-10	Total Funds	General Fund	Cash \$0Funds	Cash Funds Exempt	Federal Funds	FTE
Total Request	\$410,902	\$0	\$0	\$0	\$410,902	6.0
(2) (B) Inactive Mines--Program Costs Federal funding increase and 6 new FTE.	\$392,182	\$0	\$0	\$0	\$385,271	6.0
(1) (A) EDO – Admin & IT – Amortization Equalization Disbursement					\$5,265	0.0
(1) (A) EDO – Admin & IT – Supplemental Amortization Equalization Disbursement					\$1,646	0.0
(1) (A) EDO – Admin & IT – Vehicle Lease Payments – Add 12 months of funding for leasing 4 new vehicles.	\$18,720	\$0	\$0	\$0	\$18,720	0.0

Calculations for Personal Services and Associated Costs

FTE, Operating, and Leased Vehicles Costs								GRAND TOTAL	
Fiscal Year(s) of Request		FY 08-09	FY 09-10	FY 08-09	FY 09-10	FY 08-09	FY 09-10	FY 08-09	FY 09-10
PERSONAL SERVICES	Title:	Envir Protect Spec II		IT Professional II		Program Asst I			
Number of PERSONS / class title		4.0	4.0	1.0	1.0	1.0	1.0		
Number of months <u>working in</u> FY 08-09 and FY 09-10		12	12	12	12	12	12		
Number months <u>paid in</u> FY 08-09 and FY 09-10*		12	12	12	12	12	12		
Calculated FTE per classification		4.00	4.00	1.00	1.00	1.00	1.00	6.00	6.00
Annual base salary		\$59,664	\$59,664	\$54,528	\$54,528	\$35,928	\$35,928		
Salary		\$238,656	\$238,656	\$54,528	\$54,528	\$35,928	\$35,928	\$329,112	\$329,112
PERA	10.15%	\$24,224	\$24,224	\$5,535	\$5,535	\$3,647	\$3,647	\$33,406	\$33,406
Medicare	1.45%	\$3,461	\$3,461	\$791	\$791	\$521	\$521	\$4,773	\$4,773
Prior Year SAED	N/A	\$0	\$1,790	\$0	\$409	\$0	\$269	\$0	\$2,468
Subtotal Personal Services at Division Level		\$266,341	\$268,131	\$60,854	\$61,263	\$40,096	\$40,365	\$367,291	\$369,759

Subtotal AED at EDO Long Bill Group Level	1.60%	\$3,818	\$3,818	\$872	\$872	\$575	\$575	\$5,265	\$5,265
Subtotal SAED at EDO Long Bill Group Level	Varies	\$1,790	\$1,193	\$409	\$273	\$269	\$180	\$2,468	\$1,646
FTE, Operating, and Leased Vehicles Costs								GRAND TOTAL	
Fiscal Year(s) of Request		FY 08-09	FY 09-10	FY 08-09	FY 09-10	FY 08-09	FY 09-10	FY 08-09	FY 09-10
Department Specific Average Cost for HLD / Employee**		\$0	\$0	\$0	\$0	\$0	\$0		
Subtotal for Health, Life, Dental (if over 20 FTE)	N/A	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal for Short Term Disability (if over 20 FTE)	0.13%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OPERATING EXPENSES									
Supplies @ \$500/\$500***	\$500	\$2,000	\$2,000	\$500	\$500	\$500	\$500	\$3,000	\$3,000
Computer @ \$690/\$0	\$690	\$2,760	\$0	\$690	\$0	\$690	\$0	\$4,140	\$0
Office Suite Software @ \$294/\$0	\$294	\$1,176	\$0	\$294	\$0	\$294	\$0	\$1,764	\$0
Office Equipment @ \$2,021 /\$0	\$2,021	\$8,084	\$0	\$2,021	\$0	\$2,021	\$0	\$12,126	\$0
Telephone Base @ \$450/\$450***	\$450	\$1,800	\$1,800	\$450	\$450	\$450	\$450	\$2,700	\$2,700
Leased Vehicle Mileage Costs Mileage/Management Fees @ 0.223 per mile x 3,667 miles (FY09=4 months of mileage for "individually assigned" vehicles) / for 11,000 miles (FY10=12 months of mileage)	\$0.223/ mile	\$3,271	\$9,812					\$3,271	\$9,812
Subtotal Operating Expenses		\$19,091	\$13,612	\$3,955	\$950	\$3,955	\$950	\$27,001	\$15,512
Subtotal - LEASED VEHICLE – leasing costs Monthly Lease Cost @ \$390 lease rate per month x 4 months (FY09)/12 months (FY10)	\$390	\$6,240	\$18,720					\$6,240	\$18,720
GRAND TOTAL ALL COSTS		\$297,280	\$305,474	\$66,090	\$63,358	\$44,895	\$42,070	\$408,265	\$410,902

Assumptions for Calculations:

Salary costs are based on FY2008-09 range minimum levels.

Amortization Equalization Disbursement (AED) and Supplemental Amortization Equalization Disbursement (SAED) rates are based on the FY08-09 Common Policies of the Governor's Office of Budget and Planning..

Vehicle monthly lease rate of \$390 is an estimate for lease of a sports utility vehicle (SUV) style vehicle with an off-road/tow package based on FY07-08 rates for a similar package. New vehicles are ordered in the fall of the funding year and delivered by March of that same fiscal year; therefore, the first year's vehicle lease cost is based on 4 months of lease payments (and a full 12 months for the following fiscal year).

Mileage/management fees are based on FY07-08 rates.

Operating costs per FTE requested are based on the FY08-09 Common Policies of the Governor's Office of Budget and Planning.

Impact on Other Government Agencies:

Dept of Personnel and Administration – State Fleet Management: Need to inform State Fleet Management to order 4 new vehicles (K1 or K2 body style with off-road/tow hitch package) to be received by spring of 2009; funding source is 100% federal funds.

COSTS = \$408,265, 6.0 FTE	<p>BENEFITS – 130 additional openings/surface damage sites addressed and 1-2 additional coal mine fire/subsidence abatement sites completed per year.</p> <p><i><u>Key Assumption for New FTE:</u> 6.0 new FTE will allow program to maintain project schedules within federal funding deadlines and not jeopardize losing any of the additional \$30 million that is available to Colorado's Program over 7 years.</i></p>
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Assumptions and Calculations for Benefits

STATUS QUO = \$2,400,000 per year OSM federal funding	WITH REQUESTED FTE and ADDITIONAL FUNDING \$3,085,714 per year of additional OSM federal funding (\$30 mill/7 years minus \$1.2 mill salaries, operating, travel, etc/year)
<u>Current FTE Usage: 13.8 FTE total</u> 4.0 - Administrative staff 1.8- Severance tax, other federally funded and forfeiture projects 1.0 – Coal mine fires/subsidence abatement 7.0 - Safeguarding mine openings and resolving surface damages	<u>Requested FTE Usage: 19.8 FTE total</u> 6.0 - Administrative and GIS staff 1.8 - Severance tax, other federally funded and forfeiture projects 2.0 – Coal mine fires/subsidence abatement 10.0 – Safeguarding mine openings/surface damage
<u>200 openings/surface damage projects per year</u> [\$2,000-\$10,000 per opening/surface project] \$1,200,000/year (1) 7.0 FTE	<u>330 openings/surface damage projects per year -- 65% increase</u> [130 additional sites per year] \$1,985,714 [additional \$785,714/year = 30% of total additional annual funding (2)] 10.0 FTE [43% increase]
<u>1-2 Partial coal fire/Mine subsidence abatement projects per year</u> \$200,000/year per each type of project is incremental funding on medium to larger sites—need to continuously fund through several grant cycles to complete] \$400,000 per year (1) 1.0 FTE	<u>2-4 Complete coal mine fires/subsidence abatement projects = 100% increase</u> (can grout/seal approx 10 small mine fire sites for \$2.8 mill) \$2,700,000 [additional \$2,300,000/year = 70% of total additional annual funding (2)] 2.0 FTE [100% increase]
(1) Breakdown of current Annual Grant of \$2,400,000 received annually: --\$800,000 for salaries, travel, operating, overhead, etc.	(2) Additional federal funding is required to be spent primarily on coal mining related abandoned sites; therefore an estimated 70/30 split will be targeted for proportional spending on coal versus non-

--\$400,000 for coal mine fires/subsidence projects --\$1,200,000 for abandoned openings/surface damage projects	coal sites.
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Implementation Schedule:

Task	Month/Year
Perform required personnel steps for hiring new FTE – submit job announcement for 6 positions.	May-June 2008
2008 (starting year) Federal Grant arrives	July 1, 2008
Hire new FTE.	July 2008
Purchase computers and cell phones for new FTE.	July 2008
Provide training for new FTE (depending on experience level).	July-August 2008
Research new project requirements for National Environmental Policy Act (NEPA) and real estate/land owner notification (existing staff)	July 2008 – April 2009
Project construction field seasons – 3-5 years per federal grant allocation	May-November 2009, May-October 2010, May-November 2011 (example for federal grant funding that starts July 2008)

Statutory and Federal Authority:

H.R. 6111, Signed December 20, 2006

Tax Relief and Health Care Act of 2006--Division C, Title II, Subtitle A

Surface Mining Control and Reclamation Act Amendments of 2006

SEC. 401. ABANDONED MINE RECLAMATION FUND [30 U.S.C. 1231]

(a) Establishment; administration; State funds.

There is created on the books of the Treasury of the United States a trust fund to be known as the Abandoned Mine Reclamation Fund (hereinafter referred to as the “fund”) which shall be administered by the Secretary of the Interior. State abandoned mine reclamation funds (State funds) generated by grants from this title shall be established by each State pursuant to an approved State program. (b) Sources of deposits to fund.

The fund shall consist of amounts deposited in the fund,

(f) GENERAL LIMITATION ON OBLIGATION AUTHORITY.—

(1) IN GENERAL.—From amounts deposited into the fund under subsection (b), the Secretary shall distribute during each fiscal year beginning after September 30, 2007, an amount determined under paragraph (2).

(2) AMOUNTS.—

(A) FOR FISCAL YEARS 2008 THROUGH 2022.—For each of fiscal years 2008 through 2022, the amount distributed by the Secretary under this subsection shall be equal to—(i) the amounts deposited into the fund under paragraphs (1), (2), and (4) of subsection (b) for the preceding fiscal year that were allocated under paragraphs (1) and (5) of section 402(g); plus (ii) the amount needed for the adjustment under section 402(g)(8) for the current fiscal year.

(B) FISCAL YEARS 2023 AND THEREAFTER.—For fiscal year 2023 and each fiscal year thereafter, to the extent that funds are available, the Secretary shall distribute an amount equal to the amount distributed under subparagraph (A) during fiscal year 2022. areas;

(C) Use of moneys.

Moneys in the fund may be used for the following purposes:(1) reclamation and restoration of land and water resources adversely affected by past coal mining, including but not limited to reclamation and restoration of abandoned surface mine areas, abandoned coal processing areas, and abandoned coal refuse disposal; sealing and filling abandoned deep mine entries and voids; planting of land adversely affected by past coal mining to prevent erosion and sedimentation; prevention, abatement, treatment, and control of water pollution created by coal mine drainage including restoration of stream beds, and construction and operation of water treatment plants; prevention, abatement, and control of burning coal refuse disposal areas and burning coal in situ; prevention, abatement, and control of coal mine subsidence; and establishment of selfsustaining, individual State administered programs to insure private property against damages caused by land subsidence resulting from underground coal mining in those States which have reclamation plans approved in accordance with section 503 of this Act: Provided, that funds used for this purpose shall not exceed \$3,000,000 of the funds made available to any State under section 402(g)(1) of this Act;(2) acquisition and filling of voids and sealing of tunnels, shafts, and entryways under section 409; (3) acquisition of land as provided for in this title; (4) enforcement and collection of the reclamation fee provided for in section 402 of this title; (5) restoration, reclamation, abatement, control, or prevention of adverse effects of coal mining which constitutes an emergency as provided for in this title; (6) grants to the States to accomplish the purposes of this title; (7) administrative expenses of the United States and each State to accomplish the purposes of this title; (8) for use under section 411; (9) for the purpose of section 507(c), except that not more than \$10,000,000 shall annually be available for such purpose; (10) for the purpose described in section 402(h); and (11) all other necessary expenses to accomplish the purposes of this title.

(1) The office of active and inactive mines is authorized and directed to develop, in accordance with the provision of Title IV of the federal "Surface Mining Control and Reclamation Act of 1977", as amended, and the rules and regulations thereunder, an abandoned mine reclamation program which may provide for, but need not be limited to, the following:

(a) Protection of public health, safety, general welfare, and property from the dangers and adverse effects of past mining practices;

(b) Acquisition, reclamation, and restoration of land and water resources previously degraded by the adverse effects of mining, including measures for the conservation and development of soil, water, woodland, fish and wildlife, recreation and tourism resources, and agricultural productivity;

(c) The protection, repair, replacement, construction, or enhancement of public facilities in communities affected by coal or other energy development.

(2) The office of active and inactive mines is authorized and directed to:

(a) Apply for, receive, and expend grant moneys or other funds for the development, administration, and fulfillment of the requirements of an abandoned mine reclamation program;

(b) Apply for, receive, and expend such funds legally available to Colorado from the abandoned mine reclamation fund established by Title IV of the federal "Surface Mining Control and Reclamation Act of 1977", as amended;

(c) Invite public inspection of, comment on, and involvement in the formulation of the abandoned mine reclamation program;

(d) Submit the abandoned mine reclamation program, after public review, to the secretary for approval and funding;

(e) Amend the approved abandoned mine reclamation program from time to time, after public review of the proposed amendments, as may be necessary or desirable.

Performance Measures:

Performance Measure	Outcome	FY05-06 Actual	FY06-07 Actual	FY07-08 Approp	FY08-09 Request
Percentage of abandoned or forfeited mine sites reclaimed/safeguarded from the effects of past or inactive mining out of a baseline inventory of 23,074 total project units, which is comprised of 23,000 abandoned mines; 33 abandoned coal mine fires; and 41 forfeited sites (under bonded).	Benchmark	1.7%	1.5%	1.5%	2.2%
	Actual	1.3%	1.5%	1.5%	2.2%
This request will allow DRMS to address approximately 924 additional abandoned mine projects (coal mine fires, subsidence issues over underground coal mines, and safeguard abandoned mine openings/surface damage) over 7 years. If the additional FTE and associated costs are not approved, the state risks losing federal funds when staff cannot complete processes for projects within federal funding time limits.					